

COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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December 8, 2005

TO: Mayor Michael D. Antonovich

Supervisor Gloria Molina Supervisor Yvonne B. Burke Supervisor Zev Yaroslavsky

Supervisor Don Knabe

FROM: J. Tyler McCauley Maria Que

Auditor-Controller

SUBJECT: CRYSTAL STAIRS, INC. CONTRACT REVIEW - CALWORKS STAGE 1

CHILD CARE SERVICES

We have completed a contract compliance review of Crystal Stairs, Inc. (Crystal or Agency), a CalWORKs Stage 1 Child care service contractor. The review was conducted by the Auditor-Controller's Countywide Contract Monitoring Division.

Background

The Department of Public Social Services (DPSS) contracts with Crystal, a private, non-profit, community-based organization that assists parents with child care services. The Agency's services include determining participants' presumptive eligibility, explaining participants' child care options and program rights, providing consumer education information, child care referrals upon request, and paying the daycare service providers. The Agency is located in the First and Second Districts.

DPSS pays Crystal a negotiated rate of approximately \$125 per case per month. DPSS also pays Crystal a fixed monthly fee of approximately \$28,000 per month to fund six staff located at DPSS offices and approximately \$36,000 annually for outreach services. For Fiscal Year 2004-2005, DPSS paid the Agency approximately \$4.8 million.

Purpose/Methodology

The purpose of the review was to determine whether Crystal provided the services outlined in their Program Statement and County contract. We also evaluated Crystal's

Board of Supervisors December 8, 2005 Page 2

ability to achieve planned service and staffing levels. Our monitoring visit included a review of Agency's billing statements, participant case files, provider files, provider payment requests, time records, and personnel files. In addition, we interviewed the Agency's staff, program participants and service providers.

Results of Review

Crystal provided services required by the County contract using the appropriate number of staff. The program participants stated that the services they received from Crystal generally met their expectations. In addition, Crystal staff possessed the qualifications required by the County contract.

Crystal provided childcare services to the participants within the timeframe required by the County contract. For 99 (99%) of the 100 case records reviewed, the Agency provided enhanced referrals to eligible participants and authorized the services timely. In one instance, Crystal billed DPSS \$125 for child care services provided to an individual who did not provide the appropriate documentation to qualify for the services. Crystal stated that the over billing was in error and would repay DPSS the \$125.

The details of our review, along with recommendations for corrective action, are attached.

Review of Report

On September 28, 2005, we discussed our report with Crystal's management who agreed with the finding. In their attached response, Crystal's management indicates that they will repay DPSS the \$125 over billing. We also notified DPSS of the results of our review.

We thank Crystal for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC

Attachment

c: David E. Janssen, Chief Administrative Officer Bryce Yokomizo, Director, Department of Public Social Services Javier LaFianza, Chief Operating Officer, Crystal Stairs, Inc. Public Information Office Audit Committee

COUNTYWIDE CONTRACT MONITORING DIVISION CalWORKS STAGE 1 CHILD CARE PROGRAM FISCAL YEAR 2004-2005 CRYSTAL STARIS, INC.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether Crystal Stairs, Inc. (Crystal or Agency) provided the services billed in accordance with their contract and the program participants actually received those services.

Verification

We reviewed 100 program participant cases assigned to Crystal during December 2004 and January 2005 to verify that the program participants were eligible to receive child care services and the Agency complied with the County contract. We also interviewed 75 program participants and 75 daycare providers to ensure that the participants and the providers received the child care services. Our sample represented \$24,916 (3%) of \$720,197 that Crystal billed the Department of Public Social Services (DPSS) for the review period.

Results

The participants interviewed stated that the services generally met their expectations and that Crystal explained participants' child care options and program rights and provided consumer education information. The 75 services providers interviewed also stated that Crystal authorized and paid for child care services.

In addition, Crystal provided childcare services to the participants within the timeframe required by the County contract. For 99 (99%) of the 100 cases reviewed, the Agency provided enhanced referrals to eligible participants and authorized the services timely. However, in one instance, Crystal billed DPSS \$125 for child care services provided to an individual who did not provide the appropriate documentation to qualify for the services. Crystal stated that the over billing was in error and would repay DPSS the \$125.

Recommendation

1. Crystal management repay DPSS \$125.

STAFFING/CASELOAD LEVELS

Objective

Determine whether Crystal's actual service and staffing levels did not significantly vary from planned service and staffing levels.

Verification

We interviewed 25 of Crystal's staff and reviewed Crystal's employee roster. In addition, we reviewed invoices for December 2004 and January 2005 and compared them to the Agency's proposed service levels for the same period.

Results

Crystal's reported service levels for the period averaged 2,891 participant cases per month. This represents a decrease of 21% from the budgeted participant service levels of 3,666 participant cases per month. The decrease is due to a reduction in the number of cases referred to the Agency by DPSS. The Agency's actual staffing levels of 76 Full Time Equivalent (FTE) staff were 33% below the planned staffing levels of 114 FTE staff. The Agency indicated that staffing levels are adjusted with changes in the service levels.

Recommendation

There are no recommendations for this section.

STAFFING QUALIFICATIONS

Objective

Determine whether Crystal's staff possessed the qualifications required by the contract.

Verification

We reviewed the personnel files for 20 of the 89 staff for documentation to confirm staff qualifications.

Results

Each staff sampled possessed the required employment eligibility verification, training, reading, writing and speaking requirements identified in the contract.

Recommendation

There are no recommendations for this section.



"...reachin' landin's and turnin' corners..."

Wateridge

5110 W. Goldleaf Circle Suite 150 Los Angeles, California 90056 - 1282

(323) 299-8998 www.crystalstairs.org November 9, 2005

J. Tyler McCauley Los Angeles County Auditor-Controller 500 W Temple, Room 525 Los Angeles, CA 90012

Dear Mr. McCauley:

I have reviewed the report issued by your Department and am in general agreement with the findings and recommendations. Crystal Stairs acknowledges that the over billing was an error and will repay DPSS the \$125 in question.

I will be submitting the corrective action plan to the Department of Public Social Services within 30 days that details our compliance with the Auditor-Controller recommendation.

Please call me if you have any questions at (323) 421-2679.

Regards

Rodrigo Giraldo

Family Services Division Manager

Crystal Stairs, Inc.

RG/se

Enclosures:

Copy of Corrective Action Plan

CC: Javier La Fianza

Holly Mitchell
Ruth Simeon
William Shepherd
Connie Parker
Pam Washington

OTHER LOCATIONS Adams Boulevard

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